WHAT IS CLAIMED IS:

1. A method for modeling a financial product, comprising the steps of:

displaying a palette of objects for constructing a financial product;

displaying at least one window for graphically representing the financial product; and

selecting objects from the palette to construct the financial product.

2. The method of claim 1, wherein the graphical representation of the financial model is in the form of a tree structure.

3. The method of claim 2, wherein the tree structure corresponds to an XML document.

4. The method of claim 3, wherein an XML schema defines a valid structure for the XML document.

5. The method of claim 1, wherein selecting the objects from the palette includes dragging the objects from the palette to the window.

6. The method of claim 2, wherein the tree structure includes a hierarchy of entities.

7. The method of claim 6, further including displaying the attributes of an entity.

8. The method of claim 7, wherein displaying the attributes of a an entity includes displaying an attribute name and corresponding attribute values.

9. The method of claim 6, further including editing an entity using a data entry form.

10. The method of claim 6, further including providing a Factory entity.

11. The method of claim 6, further including providing a Watcher entity.

12. The method of claim 11, wherein the Watcher entity is a Logging Watcher entity.

13. The method of claim 11, wherein the Watcher entity is an Action Watcher entity.

14. A computer system for modeling a financial product, comprising:

a display device for displaying a palette of objects for constructing a financial product and a window for graphically representing the financial model;

an input device for selecting objects from the palette; and

a processor configured to construct the financial model using the selected objects..

15. The system of claim 14, wherein the graphical representation of the financial model is in the form of a tree structure.

16. The system of claim 15, wherein the tree structure corresponds to an XML document.

17. The system of claim 16, wherein an XML schema defines a valid structure for the XML document.

18. The system of claim 14, wherein the objects are selected by dragging the objects from the palette to the window.

19. The system of claim 15, wherein the tree structure includes a hierarchy of entities, each of the entities having at least one attribute name and a corresponding attribute value.

20. A program storage device readable by a machine, tangibly embodying a program of instructions executable on the machine to perform method steps for modeling a financial product, the method steps comprising:

displaying a palette of objects for constructing a financial product;

displaying at least one window for graphically representing the financial product; and

selecting objects from the palette to construct the financial product.